

Executive Summary

Of the Proposal for

Delaware Sustainable Energy Utility Contract Administrator

Submitted by:



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Executive Summary

Applied Energy Group, Inc. is pleased to submit our proposal to the Delaware Energy Office in response to its Request for Proposal for Delaware Sustainable Energy Utility Contract Administrator.

The Delaware SEU is a new approach to planning and delivering energy efficiency and renewable energy technologies and services to consumers. Unlike more conventional approaches, which tend to narrowly focus on product “silos” and regulated electricity and natural gas markets, the SEU is intended to include all fuels, in all sectors, including transportation. The SEU is also intended to change the way in which these programs are funded by using special purpose bond financing.

Given the unique characteristics of the proposed SEU, the Contract Administrator must have a highly qualified, experienced team with outstanding technical, administrative and financial management skills. AEG has assembled and will lead a team with all of the skills and experience necessary to make the SEU a success. Our team’s members are listed below, with details provided in Section 6.0 and the Appendices.

Applied Energy Group, Inc.: AEG will be the prime contractor for the SEU, and will manage operations from its office located in Delaware. AEG has been planning, designing, and administering energy efficiency programs for over 20 years throughout the United States. AEG is currently administering New Jersey’s successful Clean Energy Programs, as well as numerous other programs across the United States.

The Cadmus Group: The Cadmus Group will be responsible for developing and implementing marketing, communications and outreach efforts for the SEU. Cadmus has a proven track record in developing marketing and outreach programs in the energy sector, including the highly successful national Energy Star program.

TMA Delaware: TMA Delaware offers all-important local experience in implementing numerous successful commuter programs in the State, and will focus on developing new programs or enhancing existing programs under the SEU model.

Catalyst Financial Group, Inc.: Catalyst Financial Group will be responsible for developing and implementing the SEU’s financing programs. Catalyst Financial Group has unequalled experience in planning and developing finance models to support energy efficiency and renewable energy programs internationally.

In many respects, the Contract Administrator for the Delaware SEU is responsible for creating and operating a new business that will be financially sustainable over a long period of time. This includes evaluating the market, securing and managing financing, hiring personnel, purchasing and paying for goods and services, marketing and advertising, and responding to changes and risks in the operating environment. In addition, the SEU will be funded mainly by bonds, which must be repaid to investors with reasonable interest.

These factors guide AEG's approach to developing the SEU and its potential role as the Contract Administrator. We have divided the Contract Administrator's activities into two phases:

Phase 1: This phase is the business planning effort, which will concentrate on two priorities. First, the CA is responsible for developing and launching "Quick Start" programs within 60 days of contract award. This will be followed very shortly by launching "Near Term" programs within 180 days after award. Given the time frames, these efforts will be given highest priority. These programs are described in Section 3. Second, over a longer period of time, the CA must evaluate the market, design programs and funding mechanisms, and work with the SEU Board and DEO to identify appropriate targets. Our approach to market research, program design and implementation are described in Sections 3, 4 and 5. At the conclusion of this Phase, AEG would work with the SEU Board and the DEO to define specific targets for Long Term programs and select Implementation Contractors.

Phase 2: At this stage, the CA and ICs will have clear goals and operational plans which have been defined in Phase 1. In Phase 2, the CA is responsible for numerous administrative and management tasks including management of Implementation Contractors, budgeting, information management, tracking, reporting, quality control and others. These are described in Section 4.

We believe that the Quick Launch and Near Term programs, coupled with a comprehensive planning effort, reduces the potential risk to bond holders while insuring the development of sustainable programs with measureable impacts.

We look forward to working with the Delaware Energy Office as our proposal is evaluated.